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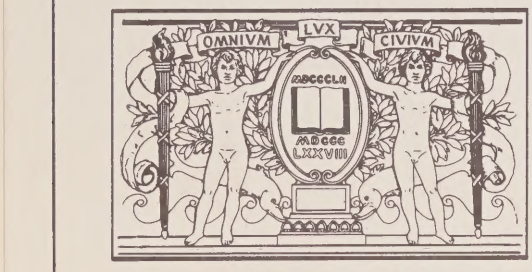

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A PROFILE OF BOSTON

Boston is the dynamo of its namesake metro area, the seventh largest in the nation in population and personal income, with one of the highest levels of per capita income. The unemployment rate (at less than 4 percent) in the Boston metro area is the lowest of that in the nation's 30 largest metro areas. The average annual wage for the 40 percent of the metro area labor force working in Boston was $21,284 in 1984, exceeding those in the metro area and the state by 7 percent and 16 percent, respectively. Boston's superior performance reflects a higher relative concentration of employment in communications, money management, higher education and medicine, and business and professional services. Contributing also is the city's larger role as a center for corporation headquarters and major business branches with executives, managers, officials and financial analysts. Boston also hosts large numbers of physicians, lawyers, architects, and engineers.

Boston's economy has been expanding for almost a decade now with a gain of 80,000 jobs since 1976, including a notable increase of 18,000 in 1984. Record levels of private development investment have accommodated the growth in jobs. In 1984, Boston had the highest level of square feet of office construction per capita of the nation's 20 largest cities. Boston's office vacancy rate (at 11 percent in mid-1985) is one of the lowest among large cities and is expected to decline over the next 12 months. Boston office rental rates ($34 a square foot) and hotel room rates ($76) are among the nation's highest, and the hotel occupancy rate is a healthy 70 percent.

Boston's population had peaked at 800,000 in 1950, declined steadily for 30 years to 1980, as a consequence of suburbanization and

the loss of blue-collar jobs, but has been growing since 1980, and is estimated at 604,000 as of mid-1985. Boston resident workers hold 40 percent of Boston's jobs. Median household income, at $21,000 in 1985, is well below that of the metro area. The share of the population living in poverty is greater than that of the nation as a whole (21 percent compared with 14 percent in 1984). Boston's population is younger (29 years in comparison with 30 nationally), and one-third is minority. Nonfamily households make up a greater share (47 percent in comparison with 27 percent nationally) reflecting the presence of college students and young adults. Consequently, household size is lower (2.4 persons per household in comparison with 2.7). Boston makes up a smaller share of its metro area population (20 percent) than do the nation's other large cities.

Boston's housing stock is older (60 percent built prior to 1939, in comparison with 52 percent for San Francisco, 29 percent for Denver, and 10 percent for Dallas). More of Boston's housing is renter-occupied (73 percent in 1980, in comparison with 66 percent for San Francisco, 51 percent for Dallas, and 50 percent for Denver), but owner-occupancy is rising (to 32 percent in 1985). Condominiums have tripled since 1980 and now make up 7 percent of Boston's housing stock.

With the growth in population and jobs, housing vacancies have declined to 4 percent overall (2 percent for rental housing), values have been rising at an average of 20 percent a year over the last five years, and an acute housing shortage is engulfing the city. Boston residents' income has not kept up with housing costs. As of 1985, 45 percent of Boston's families were paying more than 25 percent of their income for rent.

Housing production is rising in Boston but not enough. In contrast with the net addition of 900 dwellings per year in the 1970-80 decade (mostly public-assisted), and 1,700 annual average in the last five years, net new housing for 1985 is estimated at 2,000 dwellings. This compares with a projected need of 4,000 dwelling units a year.

To help fill this gap the city is considering a goal of doubling housing production over the next five years (3,400 dwellings per year 1985-89, in comparison with 1,700, 1979-84) for a five-year total of 15,000 dwelling units, one-third of which would consist of affordable housing. Private builders would be encouraged to help achieve this goal, with public inducements including public land, lower cost bond financing, preferential zoning, and streamlined building permit processing.